

## **NORTHERN REGIONAL COLLEGE**

### **AUDIT & RISK COMMITTEE**

Minutes of the meeting of the Audit & Risk Committee held on 28 February 2018 at Newtownabbey Campus commencing at 5.15pm.

#### **Pre-Meeting with Auditors**

Governing Body members of the Audit & Risk Committee met with representatives from DfE, NIAO and GT prior to the full committee meeting.

**Present:** Dr D Lennox (Chair), Mrs I Allison, Mr W Hutchinson, Mr W McCluggage

**In Attendance:** Dr S Brankin, Mr D Conliffe (DfE), Ms Kathy Doey (NIAO), Mr D Hewitt, Mr M Higgins, Mr S Lavery, Mr A McKibbin (Grant Thornton), Prof T Scott, Mr V Taggart, Mr M Lennox – item 55.1, Mrs M McKeag (Secretary).

The Chair welcomed members to the meeting and, in particular, Ms Doey and Mr McKibbin to their first NRC Audit and Risk Committee Meeting. With members' agreement, the Chair introduced Mr Mark Lennox to give his presentation.

#### **55.1 Estates update**

An update on Estates issues was presented by Mr M Lennox, Head of Estates. He outlined the basis of assessment of risk within the Estates function, linkage to corporate risk register and to SLT. Specifically, he drew attention to matters arising with CPD Property Division, the impact on business operations and the risk to the College especially in relation to certification.

The Chair thanked Mr Lennox for the presentation and invited comments. Mr Higgins noted that the position of CPD was a significant corporate risk to the College and was therefore a red risk on the College Risk Register. Mr Conliffe asked for the presentation to be forwarded to him and acknowledged that the issues in relation to CPD were similar across all six colleges.

Mr Higgins outlined the view across all six FE Colleges and the need to raise performance and demonstrate value for money.

Mr M Lennox noted a specific example of a work project within the College which had taken much longer than anticipated to complete, causing further disruption to staff.

Mr Hutchinson raised specific concerns about the issues discussed and gave examples of community organisations' stringent application of the law. He wished the matter to be escalated to the most senior level.

The Chair raised strong concerns not just around the VFM issues but also the non-compliance issues and suggested the A&R Committee write to the Department. Prof Scott added that the Principals' Group had written to the Department highlighting concerns and would advise the Committee of the response. Mr Hutchinson asked what actions the Department was taking to resolve the situation. Mr Conliffe advised that the six Colleges were facing similar issues.

Mr Higgins asked if the Committee was content for a number of shared Internal Audit days to be utilised for an independent audit of the service currently being provided by Properties Division across the FE Sector.

Prof Scott noted three key issues with CPD that are of concern for the College: VFM, Health & Safety issues and compliance with College procedures.

Members confirmed that they were content for internal audit to review Property Division activities as a matter of urgency and to realign resources accordingly to accelerate the review.

Mr M Lennox left the meeting at 5.50pm.

**ACTION:** Estates' Presentation to be shared.

## **55.2 Apology**

Mrs Eve.

## **55.3 Declaration of Interests**

There were no declarations of interests.

## **55.4 Minutes of Last Meeting**

The minutes of the Audit & Risk Committee held on 8 November 2017 were approved.

Proposed: Mr Hutchinson     Seconded: Mrs Allison.

An amendment to the minute of the meeting held on 27 September 2017 was noted.

## **55.5 Matters arising**

No further matters.

## **55.6 Chair's Communication**

The Chair stated that training provided by DfE on Audit and Risk matters was attended by Kevin Chambers, Judith Eve, Angela Dynes and Karen Wallace.

## **55.7 Correspondence**

### **DfE Letter requesting an internal audit to review Hardship Fund, ASF & Care to Learn.**

Mr Higgins advised that this area was not a risk on the College Risk Register and the sums of money involved were not significant given the overall College budget. Furthermore, the Internal Audit plan and sector-wide audit days had already been agreed for the 2017/18 year.

Prof Scott added the College needed to be careful to use its Internal Audit days to provide assurance to the Accounting Officer and the Audit & Risk Committee on the risks to the College. Mr Conliffe added that the Hardship Fund had not been reviewed by the Department for a number of years and this had raised the Department's focus. After discussion it was agreed that the area highlighted by the Department would be considered for inclusion in the College's 2018/19 Internal Audit programme.

## **55.8 KPI Summary Dashboard Report**

The Chair highlighted that the report was presented to GB and covered the period to January 2018. Mr Higgins advised that the report had issued to the Education Committee who reviewed KPIs 1 & 2 and the Resource Committee reviewed KPIS 3, 4 & 5 before the report was presented to GB; with a summary dashboard provided for the Audit & Risk Committee. The final KPI report was the focus of the recent Improvement meeting with the Department. It was noted that the next KPI report would be presented to the Education Committee on 14 March and the Resources Committee on 23 April before a final report would be shared with the Department. The Chair advised that the new format was helpful and noted the positive progress.

## **55.9 Internal Audit - Grant Thornton**

Mr McKibbin outlined the content of two Internal Audit reports covering Payroll and the New Build governance arrangements. Both reports had gained a satisfactory assurance with a few minor improvements recommended and accepted by management. The Chair added that both reports were positive and a good start for the 2017/18 year.

Mr McKibbin spoke to the progress report and outlined the summary of progress and plans for the next quarter. Training for Success and Key Financial Controls audits have also been completed and awaiting draft reports.

Prof Scott noted there was a Quality Review Visit in May and suggested that the Health and Safety Audit and the Student Experience Review timescales be adjusted to ensure that staff would be available to support the audits. This was agreed and Grant Thornton will discuss revised dates with the College.

The Chair referred to the inclusion of the Property Division review within the audit plan for 2017/18.

## **55.10 Progress against Audit Recommendations**

Mr Laverty spoke to the paper and advised that all completed items had been updated within the revised paper. Mr Laverty outlined that of the previous 11 outstanding items, 4 had been implemented, 3 are part-implemented and 4 are not yet due. The Portrush building has progressed with a potential resolution anticipated in the coming months.

Mr Hutchinson complimented the College on the presentation of the report.

Mr Higgins provided additional information for members on the Portrush building. He advised that a proposal would be presented to the GB in next few months with a view to transferring the Portrush building to the Education Authority with the agreement that they would sell and share the net proceeds with the College.

Mr McCluggage asked if the percentage share would be agreed prior to transfer. Mr Higgins advised the committee that this was in advanced stages with Land & Property Services who would be the independent broker.

Prof Scott advised this was the best option as there are overheads to maintain with the current building. The Chair noted that the issue had been ongoing for a number of years and welcomed the progress towards reaching a resolution.

## **55.11 Risk Register**

The Chair welcomed the amendment to the Risk Register to align with the new KPIs and noted the risks, in particular, in relation to the STS project, data protection and CPD.

Mr Higgins noted that the Risk Register is an evolving document and that it may be amended once the new 2018/19 reporting arrangements are agreed with the Department. He gave an explanation for the finance risk being recorded as red due to uncertainty on the budget settlement for 2018/19.

The Committee discussed each of the red Risks within the draft Risk Register and agreed each of the risks, the associated risk level and actions required. Subject to one minor adjustment on page 3 the draft Risk Register was approved by the Committee.

#### **55.12 External Audit Update**

Ms Doey stated that the Audit Planning meeting with the College has been agreed for 20 March and following that the NIAO Audit Strategy will be prepared and presented to the Audit & Risk Committee meeting in June.

#### **55.13 Registers**

The FOI, DAC and Whistleblowing registers were all recorded as NIL returns for the period up to 31 January 2018.

#### **55.14 Any Other Business**

The Chair noted that Dr McCambridge will be joining this committee and Ms Dynes will be joining the Education Committee.

#### **55.15 Date of Next Meeting**

The next meeting of the Audit & Risk Committee would be held at Farm Lodge campus on 6 June 2018 at 5.15pm.

The meeting concluded at 6.55pm.

Dr D Lennox David Lennox Chair Date 6/6/2018  
6 June 2018

Miss M McKeag M McKeag Secretary